

Message Text

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PAGE 01 COPENH 00533 261807Z
ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 H-02 AID-05 IGA-02 COME-00
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FM AMEMBASSY COPENHAGEN
TO SECSTATE WASHDC 3900

UNCLAS COPENHAGEN 0533

PASS EB/IFD/ODF: JOHN BLANEY

EO 11652: N/A
TAGS: EFIN, EAID, OREP, DA
SUBJ: SENATOR GRAVEL'S PAPER ON TAXATION FOR DEVELOPMENT
ASSISTANCE

REF: STATE 9837

1. WE AGREE WITH WHAT WE SEE AS THE MAJOR PREMISE
OF SENATOR GRAVEL'S THOUGHTFUL PAPER; I.E., THE CON-
TINUING AND GROWING DISPARITY OF WEALTH BETWEEN DEVELOPED
(DC'S) AND DEVELOPING (LDC'S) COUNTRIES IS A MAJOR FACTOR
IN WORLD AFFAIRS; PEACEFUL WAYS TO CORRECT THIS IMBALANCE
ARE NEEDED; AND THE STANDING OF MULTINATIONAL CORPORATIONS
(MNC'S) AMONG LDC'S IS LOW, EVEN THOUGH MNC'S CAN AND DO
PLAY A USEFUL ROLE IN ECONOMIC DEVELOPMENT.

2. WE DO NOT, HOWEVER, CONSIDER OURSELVES SUFFICIENTLY
INFORMED TO JUDGE THE MERITS OF THE PAPER'S CENTRAL
PROPOSAL, WHICH IS TO INCREASE UNITED STATES AID CON-
TRIBUTIONS THROUGH THE TRANSFER TO LDC'S OF TAXES ON
INCOME EARNED ABROAD BY US MNC'S. IT IS NOT CLEAR
TO US, FOR EXAMPLE, WHO WOULD BEAR THE BURDEN OF THIS
SHIFT IN RESOURCES. IF, AS THE PAPER STATES, NO
BURDEN FALLS ON THE MNC'S, PRESUMABLY THE USG FORGOES
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REVENUES THAT TAXPAYERS WILL EITHER HAVE TO MAKE UP
OR WHICH COULD REDUCE THEIR TAX BURDEN.

3. WE DO BELIEVE THAT THE IDEA IS WORTHY OF FURTHER
STUDY AND DISCUSSION. IT WOULD BE PARTICULARLY INTEREST-
ING TO KNOW WHAT THE MNC'S THEMSELVES THINK OF IT,
IF THE PAPER HAS NOT BEEN BROUGHT TO THEIR ATTENTION

IN A SYSTEMATIC WAY, PERHAPS WE WOULD SUGGEST THAT THIS BE
DONE.
DEAN

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NNN

Message Attributes

Automatic Decaptioning: X
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Channel Indicators: n/a
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Control Number: n/a
Copy: SINGLE
Sent Date: 26-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Unique ID: 00
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Litigation Codes:
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